

Land Investment Monthly - May 2017

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LAND INVESTMENT *Monthly*

by Steve Bruere

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The *Land Investment Monthly* is a round-up of articles and headlines published by the farm press, business media and financial publications with insights into buying, selling or investing in farmland, recreational ground or development ground.

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Nice and Steady

Agricultural land values for the Seventh Federal Reserve District were unchanged in Q1 2017, compared with a year ago. The news, based on the survey responses of 198 District agricultural bankers, sheds light on the first pause in the current downturn following five consecutive quarters of declines. Furthermore, it was reported that "good" farmland values in the first quarter were largely the same as they were in Q4 2016. Bankers leaned heavily toward the view that farmland values would remain stable during Q2 2017, a shift away from year-earlier sentiments. In Iowa, farmland values increased on a year-over-year basis for the first time since the third quarter of 2013. [Read more.](#)

Long Bull

Agricultural real estate values in Iowa have begun to stabilize and the long-term outlook is bullish, according to the results of a recent SMLV survey of 1,448 farmers, land managers, appraisers, lenders and landowners. The average per-acre estimate was up to \$7,863, compared with \$7,183 a year earlier. While a panel of ag lenders during Iowa State University's 90th Annual Land Management and Land Valuation Conference were unwilling to speculate on the future of cash rents, financial experts drew attention to the importance of micromanagement in relation to their marketing and risk management plans. [Read more.](#)

Make it; Break it

It could be a pivotal time for many Iowa farmers battling to rake in a profit as they plant 23.4 million corn and soybean acres across the state this year. The Des Moines Register reports that while 2017 could be a make-or-break it year, strong yields and limited bankruptcies have been a bright spot of the current downturn. [Read more.](#)

Trade Up

U.S. Secretary of Agriculture Sonny Perdue chimed in on the value of trade for American farmers and the nation's economy. Every \$1 billion in exports supports 8,000 American jobs across the economy. By value, about 20 percent of U.S. agricultural products are sent abroad and each dollar of these exports creates another \$1.27 in business activity. Perdue's op-ed in the Wall Street Journal sheds light on the Trump administration's vision for a new undersecretary and his, "You grow it and we'll sell it" outlook for American farmers, ranchers and foresters. [Read more.](#)

Institutionally Speaking

An assistant professor of environmental studies at the University of California Santa Cruz has been awarded a \$150,000 grant from the USDA to study the impact of institutional investors on tenant farmers and future generations. The "farmland financialization" study – with an eye on areas of peak agricultural production in California and Illinois – will take a hard look at agricultural real estate and capital access while considering ways in which farmers are dealing with the new pressures of financial competition for farmland. [Read more.](#)

It's Cyclical

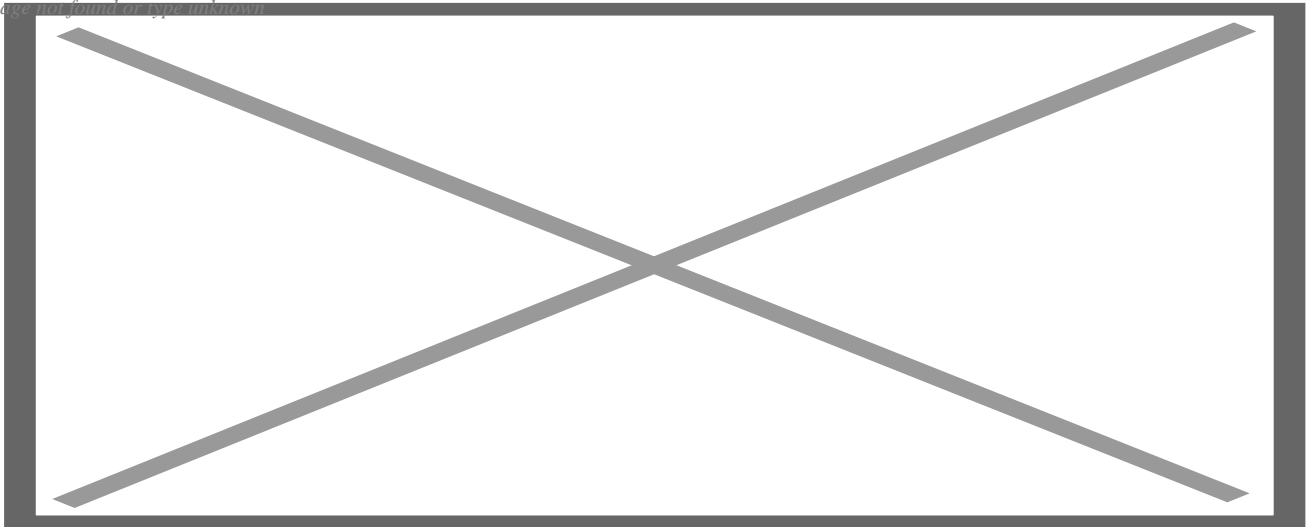
Nearly 90 percent of agricultural lenders have seen a decline in farm profitability in the last 12 months, according to a results of a survey conducted by the American Bankers Association and the Federal Agricultural Mortgage Corp. At the same time, as reported by Financial Regulation News, the majority of their current agricultural borrowers (60 percent) were profitable in 2016, and it is expected that 54 percent will remain profitable in 2017. More than 350 agricultural lenders were surveyed. Nearly half of the respondents said they had lower land values in 2016. [Read more.](#)

Big Ban

Canada's largest pension fund is moving away from making further investments in farmland. Reuters reported that the Canada Pension Plan Investment Board began buying farmland in North America in 2012, and has since purchased about 120,000 acres in the United States and a similar amount in Canada. The shift occurred following the Saskatchewan government's decision to ban some institutional investors from buying farmland in the province, and concerns voiced by local farmers over the potential for unfair competition. CPPIB, which had \$219.62 billion under management at the end of 2016, oversees the national pension fund on behalf of 20 million Canadians. [Read more.](#)

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